

January - March

2001

INTERIM

REPORT



Jot automation

# INTERIM REPORT

January - March, 2001

JOT Automation Group Plc's net sales for the reporting period decreased by 26.5 % compared to the corresponding period of the previous year and was 24.5 (33.4) million euros. The operating loss for the review period was 4.3 million euros, whereas in the corresponding period of the previous year it had been positive by 3.8 million euros. The Group's profit before extraordinary items and taxes was -2.5 (4.1) million euros. The Group's earnings per share in the review period totalled -0.02 (0.01) euro and the equity per share was 0.21 (0.18) euro. Return on investment calculated on a basis of the last 12 months was 19.5 (39.7) % and the equity ratio 42.2 (41.2) %. The net sales and profit of the review period were weak, as expected. In accordance with the Company's estimation, also the net sales for the second quarter will remain low, and the profit for that period is estimated to be weak. The growth of net sales in the reporting period 2001 is expected to remain below the level of the net sales of the previous year. The Company is now forming a more precise view of the levels of net sales and profitability for the year 2001, which will be published by the end of June.

## FIRST QUARTER OPERATIONAL REVIEW

On January 16, the Company informed of the commencing of OEM co-operation with the American company, Adept Technology Inc. Within the framework of this co-operation, JOT will integrate Adept's robotics products, control equipment and optic systems into its manufacturing cells and systems.

The Company informed on February 1 of realigning its operations to ensure also the future growth. On the background for the realigning were, among others, extensive changes that had taken place in the industry; demands for shorter delivery times and significant shortening of the lifecycle of the end products. With the new service concepts, JOT aim at lowering the customer's threshold for automating final assembly and packing at the end of the manufacturing process.

On February 1, the Company published its financial statement bulletin for the period January 1 to December 31, 2000. The bulletin stated, among others, that the net sales for the period had been 140.1 million euros, which showed an increase of 41 % compared with the year 1999. The operating profit was 14.1 million euros, i.e. 10 % of the net sales. The Group's profit/share was 0.06 (0.07) euro and equity/share 0.22 (0.17) euro. The Group stated that it would revise its growth estimate for the following year in accordance with the growth estimates of its customers' industries, which according to the general estimates at that time varied between 25 - 35 %.

Due to rapid changes in the industry JOT Automation Group Plc. started personnel negotiations on February 12, 2001. The personnel negotiations were concluded on February 26. As a result of the negotiations, a total of 31 persons were laid off for the maximum duration of 90 days and eight persons were given notice, in the Finnish units of the company. Moreover, it was agreed to carry out voluntary saving measures relating to personnel costs. The notices and lay-offs agreed

were part of the measures, with which the company was adapting its cost structures to correspond the situation at that time. After the reporting period the adapting measures have been carried on.

JOT Automation CMS Oy, which is a subsidiary of the Company, has acquired resource for CMS business operations on February 12, by purchasing 49 % of the shares of DNT Consulting Oy. DNT Consulting Oy owns 100% of Pretech Oy, which specializes in the delivery of automated assembly solutions for the needs of electronics, mobile phone and plastic industries. The agreement also included an option for JOT Automation CMS Oy or JOT Automation Group Plc. to purchase the remaining 51 % of the share capital in the company with approximately FIM 32 million by the end of April 2001. After the end of the reporting period, JOT Automation Group Plc. exercised the purchase option and the purchase was realized in the form of share exchange, in which a total of 4,500,988 new shares of JOT Automation Group Plc. were issued in exchange for the shares in DNT Consulting Oy. Therefore DNT Consulting Oy was consolidated to the Group as a subsidiary instead of an affiliated company.

## NET SALES AND PROFIT DEVELOPMENT

The Group's net sales for the first three months of the financial year was 24.5 (33.4) million euros, which was 26.5 % smaller than the net sales for the corresponding period of the previous year. The share of net sales of the new CMS business was 4.0 million euros for the review period. Export and foreign operations accounted for 17.4 (27.9) million euros, i.e. 71 (84) % of the net sales. The net sales of export and foreign operations decreased by 37.6 %. Net sales by market area broke down as follows: Nordic Countries 37.0 %, other Europe 28.5 %, Asia 14.5 % and Americas 20.0 %. The Group's net sales was divided by customer groups as follows: telecommunications 45 %, electronics manufacturing service 9 %, distribution channel sales 29 %, CMS 16 %, others 1 %.

The Group's profit before taxes was -2.5 (3.6) million euros, which is -10.2 (10.9) % of the net sales. The net profit for the review period was -2.9 (1.4) million euros, i.e. -11.8 (4.1) % of the net sales. Financial income and expenses consisted mainly of exchange gains. Return on investment (ROI) was 19.5 % and return on equity (ROE) 15.9 %. The ratios for ROE and ROI have been calculated on a basis of the last 12 months.

On March 31, 2001, the Group's order book was 19.4 (29.7) million euros.

## FINANCIAL POSITION

The figures presented in the balance sheet on March 31, 2001 have been compared with the balance sheet of December 31, 2000.

The balance sheet total grew by 6.3 million euros from the end of last year, and totaled 88.9 million euros at the end of the review period. The liquid funds decreased to 16.9 (23.4) million euros, current receivables grew to 40.4 (32.7) million euros and inventories to 14.7 (13.1) million euros. The increase in

the balance sheet was mainly due to consolidation of the new units acquired to the Group.

Of current liabilities, 18.5 (23.2) million euros were non-interest bearing and 34.2 (23.3) million euros interest bearing.

The Group follows a currency strategy, the objective of which is to ensure the margins of business operations in all market circumstances by minimizing the influence of exchange rate fluctuations. In accordance with the principles of the currency strategy, the incoming 12-month net cash flow of the currency in question will be hedged. The net cash flow is determined on the basis of foreign currency denominated sales receivables, trade payables, order book and the budgeted net currency cash flow. The level of hedging has been decreased during the review period and the hedged foreign currency exposure at the end of the review period was equivalent to 35 million euros.

The equity ratio was 42.2 %, whereas the value of the corresponding period of the previous year was 41.2 %. The net gearing was 48.1 (37.3) %.

## RESEARCH AND DEVELOPMENT

In order to ensure future growth, the Group continued to invest strongly in the standardization of products and in the development of line concepts. At the end of the review period, about 26.4 % of the Group's personnel were in research, development and planning tasks. The research and development costs accounted for 1.7 (2.6) million euros, i.e. 7.1 (7.9) % of the net sales. The research and product development costs were expensed in their entirety. The research and product development costs include the fixed costs of the R&D units and only for the product development projects recorded direct costs. In addition to actual product development projects, research and development costs are also recorded for customer projects. These costs are not included in the research and product development costs.

## INVESTMENTS

Gross investments in non-current assets were in total 4.7 (2.0) million euros. The investments consisted mainly of the acquisitions of new units joined to the Group.

## PERSONNEL AND ORGANIZATION

During the review period, the Group employed 814 (645) persons on an average, and at the end of the review period 808 (652) persons, of whom 357 in the Group's foreign units.

## SHARE PRICE DEVELOPMENT

The company's share was first quoted on the main list of the Helsinki Exchanges on September 15, 1998. During the review period the highest trading price was 2.75 euros, the lowest 0.96 euro and the closing price at the end of the period 1.14 euros. The equity turnover of the period was 137.8 million euros and 91.2 million shares, which represent 52.5 % of the share capital. The market capitalization on March 31, 2001 was 198.1 million euros.

**BREAKDOWN OF SHAREHOLDERS' BY SHAREHOLDER TYPES ON MARCH 30, 2001 AND PERCENTAGE OF THE SHARES**

Private companies	9.1 %
Public companies	0.5 %
Financing and insurance institutions	19.2 %
Public corporations	12.3 %
Non-profit corporations	3.9 %
Private investors	32.9 %
Foreign owners and nominee-registered	22.1 %

**THE TEN LARGEST SHAREHOLDERS WITH THE EXCEPTION OF OWNERS OF NOMINEE-REGISTERED SHARES ON MARCH 30, 2001.**

Terentjeff Jorma, member of the Board	5.2 %
Tapiola Mutual Insurance Company	2.9 %
Varma-Sampo Mutual Pension Insurance Company	2.7 %
Ilmarinen Mutual Pension Insurance Company	1.6 %
Tapiola Mutual Pension Insurance Company	1.6 %
Kettula Mika, Chairman of the Board	1.3 %
Finnish National Fund for Research and Development, Sitra	1.2 %
Evatec Ltd.	1.2 %
Svenska Handelsbanken AB	1.1 %
LEL Employment Pension Fund	1.0 %

The shares owned or controlled by the members of the Board and by the President of JOT Automation Group Plc. account for 6.5 % of the company's share capital.

The President of the Company holds 102,750 option rights, which entitle to subscribe for 288,000 shares.

**EVENTS FOLLOWING THE REVIEW PERIOD**

On April 2, 2001, JOT Automation Group Plc. established a subsidiary in Beijing, China. The new company is called JOT Automation (Beijing) Ltd. The company's field of operations is the sales and marketing of JOT Automation's products and turnkey solutions, systems integration, as well as production of maintenance services for the customers of JOT Automation in China. Ms. Maija-Liisa Fors, M. Sc. (econ.) was appointed Managing Director of the company.

At the Annual General Shareholders' Meeting of JOT Automation Group Plc. held on April 4, 2001 the financial statements of the group and the parent company for the financial period of 2000 were approved and the members of the Board of the Directors and the President of JOT Automation Group Plc. were discharged from liability. The Shareholders' Meeting approved the dividend to be 0,01 euro per share in accordance with the Board of Directors' proposal. Mika Kettula, Tapio Tammi, Jari Eklund, Jorma Terentjeff and as a new member Lauri Ratia, President of Lohja Rudus Oy Ab, were elected to the Board of Directors of JOT Automation Group Plc. KPMG Wideri Oy was elected to be the auditor for the company, Reino Tikkanen, Authorised Public Accountant, as the primarily responsible auditor.

At the Annual General Shareholders' Meeting the Board of Directors were authorised for one year after the Shareholders' Meeting to decide on a new issue, to grant option rights or to take convertible loans, in one or more instalments. On the basis of the authorisation the share capital may be

increased by a maximum of EUR 347,501.44 by issuing a maximum of 17,375,072 new shares, from which a maximum of 3,000,000 shares may be used to create incentives for the personnel. The Board of Directors were authorised for one year after the Shareholders' Meeting to decide to repurchase the Company's shares in one or more instalments. The amount of the shares to be repurchased shall be 8,687,536 shares, at the maximum, corresponding to approximately 5 % of the currently registered share capital and the voting rights. Furthermore the Board of Directors were authorised for one year after the Shareholders' Meeting to decide to transfer the Company's shares held by the Company in one or more instalments. The amount of the shares to be transferred shall be 8,687,536, at the maximum, i.e. approximately 5 % of the currently registered share capital and the voting rights. The article 10 of the Articles of Association was amended to reflect the new sections in the Finnish Companies Act so that the notice to the Shareholders' Meeting must be published no earlier than four weeks and no later than seventeen days before the meeting, and that the notification period of participation in the Shareholders' Meeting may end not earlier than ten days before the meeting.

In its organization meeting on April 4, 2001, the Board of Directors re-elected Mr. Mika Kettula Chairman of the Board.

On April 5, JOT Automation Group Plc. informed that its Italian subsidiary JOT Automation Italia S.r.l. had received its first order from the Italian electronics industry contract manufacturer Finmek SpA.

On April 18, JOT Automation Group Plc. acquired the remaining 50 % of the shares in its joint venture company, JOT Automation Korea Ltd, which operates in the Republic of Korea. Through the acquisition the joint venture company became a solely owned subsidiary of JOT Automation Group Plc. JOT Automation Korea Ltd. is responsible for the marketing and sales of JOT's systems and products, as well as for the producing of After Sales services in the Republic of Korea.

On April 23, JOT Automation Group Plc. signed an agreement to purchase the remaining 51 % of the share capital in DNT Consulting Oy. On the basis of the authorization granted by the Annual General Shareholders' Meeting on April 4, 2001, the Board of Directors of JOT Automation Group Plc., decided on April 27, to increase the Company's share capital by 90,019.76 euros in deviation from the shareholders' pre-emptive subscription rights by issuing a total of 4,500,988 shares of JOT Automation Group Plc. for subscription to the shareholders of DNT Consulting Oy. All the shares were subscribed for on April 27, 2001. Part of the new shares is subject to a lock up arrangement, which will expire completely in two years. The increase in share capital was entered into the Finnish Trade Register on April 30, after which the share capital of JOT Automation Group Plc. is 3,565,034.16 euros and the total number of shares is 178,251,708. The new shares were listed in the main list of Helsinki Exchanges together with the old shares, as of May 2, 2001.

On April 25, JOT Automation Group Plc. revised its estimate on net sales for the present year, and according to the present knowledge, the net sales are expected to remain below the level of the previous year. In order to make its operations more efficient the Group will cut its costs in all operational busi-

ness units to correspond the demand of the changed market situation. As one of the measures the number of personnel will be reduced with approximately 160 persons in the Group's domestic and foreign units. The proposal for the personnel negotiations of the Group's Finnish units was given on April 27. The negotiations are related to all personnel groups and they should be completed by June 15.

**OUTLOOK FOR THE REPORTING PERIOD 2001**

From the end of the year 2000, the growth forecasts for the electronics industry, and especially for the mobile phone industry, have been decreased and this has been seen in the postponing of production investments by our customers. Also the introduction of the new generation mobile communication equipment and infrastructure has been delayed. These two factors have significantly weakened the demand for automation equipment during the first half of this year and made short-term forecasting more difficult. As the operations in the industry are becoming more short-range, in addition to the order book other evaluation criteria are increasingly utilized when estimating the development in the future. The most essential of such other evaluation criteria are open quotations and sales forecasts, which are based on annual estimates given by the customers.

In accordance with the Company's estimate, also the net sales for the second quarter will remain low, and the profit from that period is estimated to be weak. According to the present knowledge, the growth of net sales for the financial year 2001 is expected to remain below the level of the net sales for the previous year. Earlier, the company estimated its net sales to grow in accordance with the growth of its customers' segments, which according to the general estimates presented at that time were about 25 to 35%. The Company is now forming a more precise view of the levels of net sales and profitability for the year 2001, which will be communicated by the end of June.

JOT Automation Group Plc. reacts to the changed market situation by continuing efforts to make its operations more effective and by cutting costs in all business operation units. These measures will be implemented in a way that the operational competence and capacity of the Company will be maintained as high as possible. During this financial period, the focus will especially be in the standardization of products as well as in the development of service concepts that support our key customers by strengthening the existing sales and maintenance network.

Simultaneously, the Company will, in accordance with its long-term growth strategy, continue expanding its business operations to other sectors, as well as developing services that promote the introduction of production automation. The operations of JOT Automation CMS Oy have been started during the first part of this financial year. The company will concentrate mainly on automation systems designed for the manufacturing of plastic parts and sub-assembly systems for the electronics and telecommunications industries. The existing products, standard of equipment and development programs of JOT Automation support this new business sector.

The interim report January - June will be released on Thursday August 2, 2001 at 9:00 a.m.

INCOME STATEMENT (MILLION EURO)	1-3/2001 3 MONTHS	1-3/2000 3 MONTHS	CHANGE %	1-12/2000 12 MONTHS
NET SALES	24,5	33,4	-26,5	140,1
Increase or decrease in finished goods inventory	-2,3	1,1	-309,6	0,3
Other operating income	0,0	0,0		1,0
Expenses	-25,6	-29,9	-14,4	-123,9
Depreciation	-0,9	-0,8	13,7	-3,4
OPERATING PROFIT	-4,3	3,8	-212,7	14,1
Net financial expenses	1,8	0,3	507,1	-0,6
PROFIT BEFORE EXTRAORDINARY ITEMS AND TAXES	-2,5	4,1	-161,0	13,4
Extraordinary income and expenses	0,0	-0,5		-0,3
PROFIT BEFORE TAXES	-2,5	3,6	-169,2	13,1
Direct taxes	-0,2	-2,3	-91,6	-3,7
Minority interest	-0,2	0,0	-516,4	0,1
NET PROFIT	-2,9	1,4	-309,0	9,5

BALANCE SHEET (MILLION EURO)	31.3.2001	31.3.2000	CHANGE %	31.12.2000
ASSETS				
Fixed and other long-lived assets	16,9	11,8	43,3	13,5
Inventories	14,7	13,2	11,7	13,1
Receivables	40,4	40,9	-1,2	32,7
Cash and bank deposits	16,9	11,7	44,0	23,4
TOTAL ASSETS	88,9	77,6	14,6	82,6
LIABILITIES AND SHAREHOLDERS' EQUITY				
Share capital	3,5	3,4	1,8	3,5
Other equity	32,4	27,6	17,4	35,4
Minority interest	0,3	0,1	225,3	0,1
Long term liabilities	19,2	8,3	131,4	18,7
Short term liabilities	33,6	38,2	-12,2	25,0
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	88,9	77,6	14,6	82,6

CASH FLOW (MILLION EURO)	1-3/2001 3 MONTHS	1-3/2000 3 MONTHS	1-12/2000 12 MONTHS
Income from operations	-1,8	2,1	13,1
Change in working capital	-6,8	-9,8	-8,8
Operational cash flow	-8,6	-7,7	4,3
Investments in fixed assets	-4,7	-2,0	-6,9
Gain on the sale of fixed assets	0,4	0,0	0,6
Cash flow before financing	-12,9	-9,7	-2,0
Financing	6,5	-0,7	3,8
Nominal change in liquid assets	-6,5	-10,3	1,8

FINANCIAL PERFORMANCE RELATED RATIOS (EURO)	1-3/2001 3 MONTHS	1-3/2000 3 MONTHS	CHANGE %	1-12/2000 12 MONTHS
Net Sales, million	24,5	33,4	-26,5	140,1
Operating profit, million	-4,3	3,8	-212,7	14,1
Operating profit, % of net sales	-17,5	11,4		10,0
Profit before taxes, million	-2,5	3,6	-169,2	13,1
Profit before taxes, % of net sales	-10,2	10,9		9,4
Net profit, million	-2,9	1,4	-309,0	9,5
Return on equity % (ROE)*	15,9	32,5		28,2
Return on investment % (ROI)*	19,5	39,7		29,5
Interest-bearing net liabilities, million	17,4	11,6	50,1	4,3
Net gearing, %	48,1	37,3		11,2
Equity ratio, % (nominal, net of deferred taxes)	42,2	41,2		47,5
Gross investments, million	4,7	2,0	133,6	6,9
Gross investments, % of net sales	19,3	6,1		4,9
R&D costs, million	1,7	2,6	-34,3	7,9
R&D costs, % of net sales	7,1	7,9		5,6
Order book at the end of the period, million	19,4	29,7	-35,7	15,5
Average personnel during the period	814	645		714
Personnel at the period end	808	652		746

\*) Calculated on a basis of last 12 months

ADJUSTED NUMBER OF SHARES (THOUSANDS)	31.3.2001	31.3.2000	CHANGE %	31.12.2000
At the end of period	173 751	170 617		173 751
Average for the period	173 751	170 617		171 665
Average for the period diluted with stock options	179 902	175 716		176 351

#### STOCK-RELATED FINANCIAL RATIOS (EURO)

Earnings per share	-0,02	0,01	-251,6	0,06
Stock options diluted earnings per share	-0,02	0,01		0,06
Equity per share (nominal, net of deferred taxes)	0,21	0,18	13,6	0,22

#### MARKET VALUES OF SHARES (EURO)

Highest	2,75	13,11		13,11
Lowest	0,96	7,20		2,20
Average	1,51	10,71		6,90
At the end of period	1,14	9,40		2,58
Market value of the stock, million	198,1	1 603,8		448,3
Trading value of shares	137,8	720,3		1 609,7
Number of shares traded	91 229	67 228		233 141
Related to average number of shares %	52,5	39,4		135,8

CONTINGENT LIABILITIES (MILLIONS)	31.3.2001	31.3.2000	CHANGE %	31.12.2000
AGAINST OWN LIABILITIES				
Company mortgages	27,1	22,8		27,1
Mortgages are pledged for liabilities totalled, million	24,8	21,4		26,0

#### OTHER DIRECT AND CONTINGENT LIABILITIES

Leasing liabilities				
Falling due in the next year	0,3	0,3		0,3
Falling due after one year	0,3	0,4		0,3
Rental liabilities				
Falling due in the next year	1,1	1,1		1,1
Falling due after one year	13,6	14,7		13,8
Repurchasing liabilities				
Falling due in the next year	0,1	0,1		0,1
Falling due after one year	0,8	0,8		0,8

NOMINAL VALUE OF CURRENCY DERIVATIVES (MILLION EURO)	31.3.2001	31.3.2000	CHANGE %	31.12.2000
Foreign exchange forward contracts				
Market value	-1,3	-0,1		2,0
Nominal value	35,0	4,0		34,0
Purchased currency options				
Market value	0,0	0,0		0,7
Nominal value	0,0	5,0		10,0
Sold currency options				
Market value	0,0	-0,1		-0,3
Nominal value	0,0	10,0		20,0

Financial figures for the Interim Report are not audited.

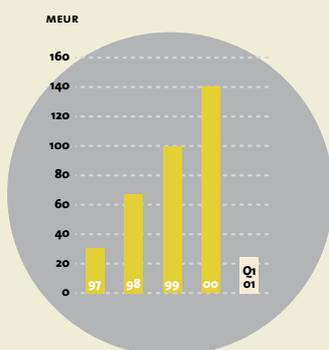
In Oulunsalo, May 3, 2001

JOT Automation Group Plc  
The Board of Directors

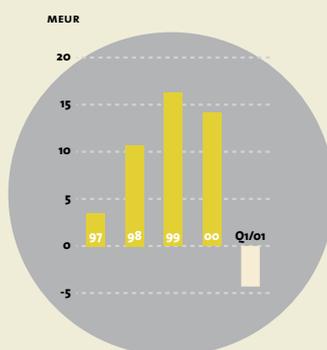
# JOT IN FIGURES

January - March 2001

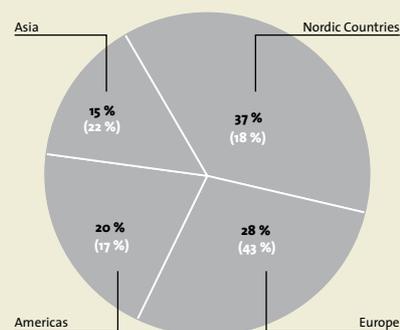
## NET SALES



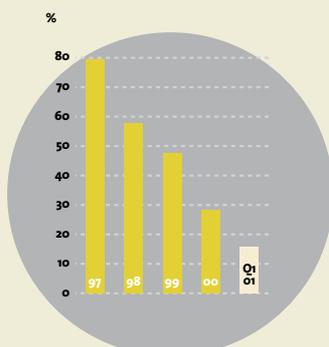
## OPERATING PROFIT



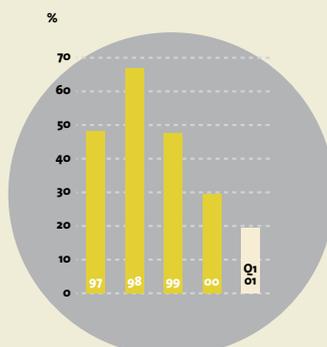
## NET SALES BY MARKET AREA JANUARY - MARCH 2001 (JANUARY - MARCH 2000)



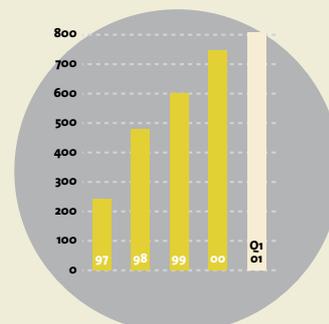
## RETURN ON EQUITY (ROE)



## RETURN ON INVESTMENT (ROI)



## PERSONNEL



## FURTHER INFORMATION

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