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VAT FI10041295 Trade Register 610.301

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## **INTERIM REPORT OF JOT AUTOMATION GROUP PLC., JANUARY 1 – JUNE 30, 1999**

### **JOT's growth continued and the market position strengthened**

The net sales of JOT Automation Group increased by 88 % during the reporting period compared to the same period of the previous year, totalling 52,9 (28,2) million euro. Operating profit increased by 142,7 %, totalling 10,8 (4,5) million euro and accounting for 20,4 (15,8) % of net sales. The Group's profit before extraordinary items, reserves and taxes was 11,1 (4,4) million euro. The Group's profit/share during the reporting period was 0,46 (0,19) euro and equity/share 1.47 (0,50) euro. Return on investment was 88,3 (81,9) % and equity ratio 59,3 (37,3) %.

The net sales for the financial year 1999 are estimated to exceed 100 million euro, which would mean an annual growth of more than 50 %. Relative profitability is also expected to grow compared to 1998.

"Received orders and the co-operation agreements consist delightfully of individual equipment and smaller equipment configuration and bigger and bigger turnkey system deliveries. Current trend strengthens all the more JOT's position as the leading supplier of its business. JOT has strengthened the ability to meet the powerfully growing demand of the market by signing co-operation and resale agreements and also expanding JOT's own sales network." says CEO Jorma Terentjeff.

### **Report of the second quarter**

April 1, 1999 a separate corporation was established for the After Sales functions, JOT Automation Service Ltd.

In April JOT continued to strengthen its global market position by establishing a joint venture with the Korea Mechatek Co., Ltd. in Korea Republic. Also JOT made an agreement with the German electronic trading company Peter Jordan GmbH of product sales and After-Sales services in the German spoken areas of Europe.

In April Jot Automation Inc. was awarded with the SFS-EN 9002 quality certificate.

JOT continued to develop and market the automated packing systems for the final products. In April JOT received the first order for the packing system for final products totalled about 2,5 million euro (15 million FIM). In May JOT made a significant agreement for automated packing line deliveries. The value of the letter of intent and the orders is about 17 million euro.



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In May a co-operation agreement was made with Silicon International Ltd. of marketing and sales of JOT products and turnkey automation solutions in China. JOT established a sales office in California close to Los Angeles to meet the demand of the electronic industry in the US West Coast area. The other JOT US sales offices are in Dallas, Florida and Denver.

JOT decided to acquire 49 % share capital of the Formeca Ltd., in Lahti. Formeca Ltd. manufactures packing machines and their products support JOT's automation for product packing and warehouse logistics.

According to the decision made at the beginning of the year 1999 the construction of the Oulunsalo facility has begun. The new facility will accommodate the parent company and the Oulunsalo production site. The new facility will be ready by the end of the year.

The annual general meeting of the Group's parent company in April 7, 1999 decided, according to the Board's proposal, to issue a dividend 2 FIM per share for the financial year 1998. The meeting also accepted the Board's proposal to split the 2 FIM nominal value of the share and to convert it into 0,16819 euro and to adjust it to 0.20 euro by means of a bonus issue, and that the necessary corporate arrangements should be made. The changes in the articles of the association was registered in Finnish Trade Register in April 28, 1999. The trading with the new nominal valued share started in April 29, 1999. The meeting also decided to increase the number of persons entitled to the stock options from 40 to 80, while keeping the other conditions unchanged. Veikko Lesonen, Jorma Terentjeff, Mika Kettula and Juha Sipilä were elected as Board members.

## **Net sales and profit development**

The high volume of net sales, profit and return on equity during the reporting period is explained by the large number of turnkey system deliveries scheduled for this period. The net sales of the Group during the first six months were 52,9 (28,2) million euro, the growth was 88 % compared to the same period last year. The share of exports and foreign operations was 41,7 (17,2) million euro of the net sales, totalling 79(61)% and it grew 142 %. The net sales of reporting period were according to the market areas divided as follows: Germany's share increased to 37 (27) % and The Far East share increased to 18 (11) % of the net sales. The US share was 18 %, but its relative share will increase during the current year.

The Group's profit before reserves and taxes increased 152,4 % compared to the last year and it totalled 11,1 (4,4) million euro, which is 20,9 (15,6) % of the net sales. The profit of reporting period was 7,8 (3,1) million euro, 14,7 (10,9) % of the net sales. The return on investment was 88,3 (81,9) % and return on equity was 71,7 (90) %. The costs in the income statement include all research and development costs, totaling 2,1 (1,1) million euro, 4,0 (4,0) % of the net sales.



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The Group's order book in June 30, 1999 was 21,5 (16,9) million euro. The order book does not include neither letters of intent nor the year agreements. In addition to the regular orders, longer term letters of intent and year agreements are becoming more common in the industry.

## Financial Position

The figures on the June 30, 1999 balance sheet have been compared to the December 31, 1998 balance sheet figures.

The balance sheet total at the end of the reporting period remained the same as it was in the end of year 1998, totalling 45,7 (45,0) million euro. Liquid cash was 11,5 (13,2) million euro and accounts receivable was 16,1 (11,5) million euro. The value of inventories decreased to 7,9 (12,4) million euro. The reason for the decrease was the decline in the work in progress to 4,8 (10,7) million euro. The interest-bearing liabilities was 3,0 (4,0) million euro and 17,7 (21,1) million euro was interest free. Of the interest-free liabilities, 3,4 (6,0) million euro consisted of advance received.

The equity ratio was 59,3 (51,1) % and the net gearing was -34,3 (-46,1)%.

The cash flow of the Group during the reporting period was 4,5 million euro positive, during the same time last year it was 1,0 million euro negative.

## Research and development

The Group continued to invest in research and development. At the end of the reporting period about 128 (77) employees were working with the research, development and engineering, which is 22 (21) % of the Group's total personnel. The research and development costs were 2,1 (1,1) million euro, 4,0 (4,0) % of the net sales. All research and development costs are expensed annually.

## Investments

Investments in fixed assets were 2,8 (1,3) million euro of which 1,9 million euro was used to acquisitions of foreign subsidiaries. The rest of the investments were software licenses, hardware and other equipment. As agreed the partnership acquisition of the Korean Mechatek Co., Ltd. is scheduled to the third quarter.

## Personnel

During the reporting period the Group had 521 (304) employees and at the end of the period 594 (373) employees. 292 employees worked in non-domestic business units. The personnel at the end of the reporting period included 50 seasonal employees.



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## Year 2000

Between 1997 and 1998 the Group built up operating models and launched programs to ensure undisturbed operations during the millennium change. All the activities and work associated with the project are completed. The Group management believes that Y2000 does not cause significant or extensive modification or updating needs either to the JOT's internal systems or products delivered to the customers. Therefore the Y2000 transition cannot be considered significant to the Groups operations.

## Market price developments

Market price development and trading activity of the Jot Automation Plc.'s shares during January 1, 1999 – June 30, 1999, changed to meet the split value in April 29, 1999, has been very positive. The highest trading price was 45,00 euro and the lowest 16,80 euro. The stock price was quoted 39,30 euro at the end of the period. The total trading value during the reporting period was 255,4 million euro and the volume of trading was 9,8 million shares, which accounts for 57,5% of the share capital. The share series of the Jot Automation Group Plc. was chosen to the Helsinki Stock Exchange HEX-index in July and to the FOX- share index for the next six months beginning in August 1, 1999. The basis for the selection was the share series' median volume from the previous six months.

The market value of the company's outstanding shares was in June 30, 1999 670,5 million euro.

In Group ownership by shareholder type and their shares has not changed significantly since the second quarter.

Share of foreign investors and the nominee register was 26,5 % in June 30, 1999. There has not been significant changes neither in the ownership of the ten biggest shareholders of 40,2 %, excluding the owners in the nominee register. The shares owned by the Board members and CEO of JOT Automation Group Plc. and communities effectively controlled by them account for 22,5 % of the company's share capital.

## Events following the reporting period

According to the letter of intent signed in July, JOT acquired 49 % of Formeca Ltd.'s shares.

JOT's market position was strengthened in France, Spain and in Belgium by signing a co-operation agreement in July 15, 1999 with Seremap S.A., a French manufacturer and distributor of conveying systems and handling equipment. Seremap S.A. focuses mainly on the electronics industry. The agreement includes the sales, marketing and After Sales services of JOT's products and the turnkey systems.



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## Prospects for the financial year 1999

Group's role as the turnkey systems supplier will continue to grow. Besides the Group's own functions the delivery schedule of the turnkey systems and their entry of revenue depends more than before on schedules of the customers and other partners connected with the project. This causes at the same time fluctuation to the figures between the different quarters and changes the traditional seasonal fluctuation.

Due to the timing of the deliveries year's first quarter net sales and profit were unusually high and also the second quarter figures exceeded the estimates made in the previous interim report.

As previous years the net sales and the profit of the third quarter are estimated to be lower than during the second quarter. The net sales of the fiscal year 1999 are however estimated to exceed 100 million euro, which means 50% increase annually. The relative profitability is estimated to also improve.

The interim report for January – September will be published on Tuesday, October 19, 1999.

## JOT Automation Group Plc. key figures for January – June, 1999 (million euro)

INCOME STATEMENT (MILLION EURO)	1-6/99	1-6/98	Change %	1-12/98
	6 months	6 months		12 months
NET SALES	52,9	28,2	87,8	67,1
Increase or decrease in finished good inventory	-6,0	1,2	-615,1	8,4
Other operating income	0,3	0,2	20,9	0,4
Expenses	-35,5	-24,6	44,1	-64,2
Depreciation	-0,9	-0,5	69,6	-1,0
OPERATING PROFIT	10,8	4,5	142,7	10,7
Net financial expenses	0,3	-0,1		-0,3
PROFIT BEFORE EXTRAORDINARY ITEMS, PESERVES AND TAXES	11,1	4,4	152,4	10,4
Extraordinary income and expenses	0,0	0,0		0,0
PROFIT BEFORE RESERVES AND TAXES	11,1	4,4	152,4	10,4
Direct taxes	-3,5	-1,3	165,3	-3,1
Minority interest	0,2	-0,0		-0,0
NET PROFIT	7,8	3,1	153,5	7,4



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BALANCE SHEET (MILLION EURO)	30.6.1999	30.6.1998	Change %	31.12.1998
<b>ASSETS</b>				
Fixed and other long-Lived assets	5,5	3,2	72,5	3,7
Inventories	7,9	5,3	50,4	12,4
Receivables	20,8	12,9	60,6	15,7
Cash and bank deposits	11,5	2,6	337,7	13,2
<b>TOTAL ASSETS</b>	<b>45,7</b>	<b>24,0</b>	<b>90,4</b>	<b>45,0</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Share capital	3,4	2,7	26,3	2,9
Other equity	21,6	5,4	303,2	17,1
Minority interest	0,0	0,0		0,0
Long term liabilities	1,7	2,1	-17,0	1,8
Short term liabilities	18,9	13,9	36,5	23,3
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>45,7</b>	<b>24,0</b>	<b>90,4</b>	<b>45,0</b>
<b>CASH FLOW (MILLION EURO)</b>				
	1-6/99 6 months	1-6/98 6 months		1-12/98 12 months
Income from operations	8,4	3,6		8,5
Change in working capital	-4,0	-4,6		-4,4
Operational cash flow	4,5	-1,0		4,1
Investments in fixed assets	-2,8	-1,3		-2,4
Gain on the sale of fixed assets	0,2	1,6		1,6
Cash flow before financing	1,9	-0,7		3,2
Financing	-3,9	0,8		7,3
Nominal change in liquid assets	-2,0	0,0		10,5

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1-6/99 1-6/98 Change % 1-12/98

## FINANCIAL PERFORMANCE RELATED RATIONS (EURO)

	6 months	6 months		12 months
Net Sales, million	52,9	28,2	87,8	67,1
Operating profit, million	10,8	4,5	142,7	10,7
Operating profit, % of net sales	20,4	15,8		15,9
Profit before reserves and taxes, million	11,1	4,4	152,4	10,4
Profit before reserves and taxes, % of net sales	20,9	15,6		15,6
Net profit, million	7,8	3,1	153,5	7,4
Return on equity % (ROE) *	71,7	90,0		57,8
Return on investment % (ROI) *	88,3	81,9		66,8
Interest-bearing net liabilities, million	-8,6	2,4	-465,3	-9,2
Net gearing, %	-34,3	29,2		-46,1
Equity ratio, % (nominal, net of deferred taxes)	59,3	37,3		51,1
Gross investments, million	2,8	1,3	114,3	2,4
Gross investments, % of net sales	5,2	4,6		3,6
R&D costs, million	2,1	1,1	89,0	2,6
R&D costs % of net sales	4,0	4,0		3,9
Order book, million	21,5	16,9	127,2	27,8
Average personnel during the period	521	304	71,4	368
Personnel at the period end	594	373	59,2	479

\*) Calculated on a basis of last 12 months

ADJUSTED NUMBER OF SHARES	30.6.1999	30.6.1998	Change %	31.12.1998
at the end of period	17061720	16061720	6,2	17061720
average for the period	17061720	16061720	6,2	16357610



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## STOCK-RELATED FINANCIAL RATIOS (EURO)

Earnings/ share	0,46	0,19	138,6	0,45
Equity/ share	1,47	0,50	192,2	1,17

## MARKET VALUES OF SHARES (EURO)\*\*

highest	45,00	18,08
lowest	16,80	6,98
average	26,03	9,92
at the end of period	39,30	17,74
market value of the stock, million	670,5	302,7
trading value of shares, million	255,4	62,9
number of shares traded	9812420	6338934
related to average number of shares %	57,5	37,2

\*\* ) Figures corresponding the value after the split in April 29. 1999

CONTINGENT LIABILITIES (MILLIONS)	30.6.1999	30.6.1998	Change %	31.12.1998
AGAINST OWN LIABILITIES				
company mortgages	3,8	6,2		3,7

Mortgages are pledged for liabilities totalling 3,2 million euro.

## OTHER DIRECT AND CONTINGENT LIABILITIES

leasing liabilities	0,2	0,3	0,2
repurchasing liabilities	1,0	1,1	1,0





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NOMINAL VALUE OF CURRENCY DERIVATIVES (MILLION EURO)	30.6.1999	30.6.1998	Change %	31.12.1998
Foreign exchange forward contracts	0,0	0,0		4,2
Purchased currency options	5,0	4,7		6,5
Sold currency options	5,0	11,6		13,7

The Group does not have any uncovered pension liabilities.

Key figures for the Interim Report are unaudited.

Oulunsalo, Finland July 29, 1999

JOT Automation Group Plc  
The Board of Directors

Jorma Terentjeff  
President, CEO

## FURTHER INFORMATION

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