



Interim report January-March 2009

January-March

Net sales	SEK 197 M (223)
Order intake	SEK 206 M (236)
Profit/loss before depreciation/amortisation	SEK -12.4 M (3.4)
Profit/loss before tax	SEK -37.7 M (-2.7)
Profit/loss for the period	SEK -36.5 M (-2.2)
Earnings per share	SEK -6.53 (-0.4)
Cash flow from operating activities	SEK 23.6 M (-3.4)

Profit for the period includes items affecting comparability of SEK -35.1 M (0), mainly comprising costs of around SEK 6 M for the previously announced and now essentially completed cost-cutting programme, costs of approximately SEK 12 M for realignment of production in the Products business area and goodwill impairment of SEK 15.7 M.

The previously announced cost-cutting programme is expected to provide annual cost savings of approximately SEK 25 M, while the now decided production realignment in the Products business area is expected to reduce annual costs by an additional amount of around SEK 20 M.

Fredrik Celsing is the new President and CEO as of 10 March 2009.

Subsequent events

No significant events have taken place after the end of the period.

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The information in this report is subject to the disclosure requirements of ElektronikGruppen AB under the Act on Stock Exchange and Clearing Operations, the Act on Trading in Financial Instruments and the requirements in the listing agreement with NASDAQ OMX Stockholm. The information was submitted for publication on 7 May 2009, 15.45 CET.

ElektronikGruppen is one of the Nordic region's leading suppliers of high-tech electronic components, systems and production equipment for the electronics industry. Operations are conducted in three business areas based on specialised knowledge in electronics and electromechanics. The Nordic region is the home market, but ElektronikGruppen is also established in the Baltic countries, Poland, Germany, Great Britain, China and Sri Lanka. The Group recorded net sales of SEK 935 M in 2008. The share is quoted on NASDAQ OMX Stockholm.

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 **ELEKTRONIK
GRUPPEN**

Group, January-March

Consolidated net sales for the first quarter reached SEK 197 M (223), a decrease of 12 per cent. Adjusted for units acquired/discontinued, net sales were down by 15 per cent. Order intake fell by 13 per cent to SEK 206 M (236). The order backlog at 31 March 2009 was SEK 104 M (122).

First quarter profit before tax declined to SEK -37.7 M (-2.7), and includes total items affecting comparability of SEK -35.1 M (0) that are mainly attributable to costs of around SEK 6 M for the previously announced and now largely completed cost-cutting programme, costs of approximately SEK 12 M for realignment of production in the Products business area and goodwill impairment of SEK 15.7 M. The euro and dollar rates, which are of major importance to the Group, fluctuated sharply during the period but had only a marginal overall impact on consolidated profit.

Depreciation and amortisation of tangible and intangible assets amounted to SEK 21.6 M (5.2), which can be mainly attributed to previous acquisitions. Earnings per share for the quarter were SEK -6.53 (-0.40).

Intra-group sales between business areas amounted to SEK 3.1 M (3.0) and non-allocated joint-group costs totalled SEK 5.5 M (4.5).

The steep drop in demand that was noted at the end of 2008 has largely persisted throughout the first quarter of 2009. However, development varies considerably between customer segments and to a certain extent also between geographical markets.

Despite shrinking volumes, the Electronics business area showed positive earnings growth.

Demand in the Products business area weakened further during the quarter, necessitating a large-scale production realignment programme to adapt production capacity.

The Production Technology business area achieved stable sales but posted a drop in profit owing to ventures in Estonia and Poland and costs for workforce reductions in Denmark and Finland.

Acquisitions during the quarter

No acquisitions were carried out during the period.

Cost-cutting programme

In February ElektronikGruppen announced a cost-cutting programme to offset the effects of a rapidly weakening industrial market. The most tangible part of the programme consists of a total workforce reduction of just over 50 employees in the Group, of whom around 20 in the Swedish operations. The reductions were essentially completed during the quarter and are expected to reduce the Group's annual costs by over SEK 25 M compared to the level at year-end 2008. Due to varying notice periods, the effects on earnings will increase gradually starting in the second quarter and the full effects will be reached in the fourth quarter of 2009.

Aside from the above, the Products business area has decided to implement a large-scale realignment programme to adapt its production capacity and structure to the current low demand and weak profitability. Measures have been initiated and most of the effects

are expected to be realised within the next six months. The programme is expected to generate annual savings of around SEK 20 M and the cost of implementing the programme has been estimated at approximately SEK 12 M, which has been charged to the business area's profit for the quarter. Furthermore, in view of the current market situation and low profitability in acquired units in the business area, the Board has decided to recognise a goodwill impairment loss of SEK 15.7 M.

Business areas, January–March

EG Electronics

The business area sells electronic components and systems that demand in-depth technical and commercial expertise. The customer base is wide, with an emphasis on the telecom, commercial vehicle, industrial automation and medical technology industries. The main markets are the Nordic and Baltic regions, Germany and China.

Net sales for the first quarter were down by 15 per cent to SEK 137 M (161) and order intake fell to SEK 140 M (165). Operating profit improved to SEK 5.6 M (5.2).

The sharp drop in demand that was noted at the end of 2008 has largely persisted throughout the first quarter of 2009. However, development varies considerably between customer segments and to a certain extent also between geographical markets. For example, demand from the Group's customers in the telecom segment has remained stable and the business area has increased its market shares.

At the same time, order intake from manufacturers of commercial vehicles continued to decline throughout the quarter. As a result, volumes to customers in this segment have fallen by more than half compared to the third quarter of 2008. Overall, the other customer segments noted weaker demand during the quarter, but with sizeable variations.

The fact that the business area delivered positive earnings growth despite a substantial volume decrease in commercial vehicles is mainly explained by a combination of successful ventures where the business area has captured new customers in new markets, together with cost rationalisations and realised synergy gains. Earnings for the quarter were positively affected by foreign exchange gains but negatively affected by costs arising from workforce reductions.

EG Products

The business area develops, manufactures and sells inductive components to companies that are globally active in the telecom, power technology and defence industries. Production takes place at the business area's own facilities in Estonia, the UK and Sri Lanka and through contract manufacturers in Asia.

Net sales amounted to SEK 29 M (29) and order intake was SEK 36 M (40). Operating profit for the quarter was SEK -31.8 M (-3.1).

Adjusted for the effects of prior acquisitions, volumes continued to decline during the quarter. The effects of a weak market and delivery problems led to lower sales to customers in the power technology and defence industries.

In light of the continued downward trend in demand, the previously communicated rationalisations in the business area have proven insufficient and a decision has therefore been made to implement a large-scale realignment programme to adapt production capacity and structure to the current low demand and weak profitability. Measures have been initiated and most of the effects are expected to be realised within the next six months. The programme is expected to generate annual savings of around SEK 20 M and the cost of implementing the programme has been estimated at approximately SEK 12 M, which has been charged to the business area's profit for the quarter. Furthermore, in view of the current market situation and low profitability in acquired units in the business area, the Board has decided to recognise a goodwill impairment loss of SEK 15.7 M.

EG Production Technology

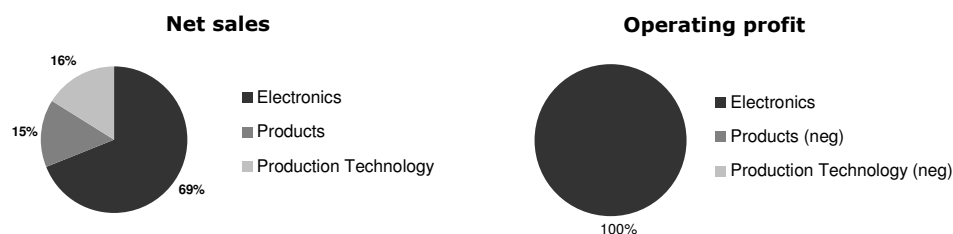
The business area sells production equipment, consumable materials, service and process training to the electronics industry in the Nordic region, Poland and the Baltic countries.

The business area's net sales decreased by 6 per cent to SEK 32 M (34) and order intake amounted to SEK 31 M (32). Operating profit was SEK -2.3 M (0.6).

Since equipment sales take place in the form of major projects, significant variations can arise between quarters. For the business area as a whole, sales during the quarter were relatively stable.

Profit was negatively affected by previously initiated ventures in Estonia and Poland. In addition, earnings for the period were burdened with costs for workforce reductions in Denmark and Finland.

The business area's share of:



Cash flow and capital expenditure

First quarter cash flow from operating activities was SEK 23.6 M (-3.4). The Group's total cash flow expressed as the change in cash and cash equivalents was SEK 1.1 M (-5.2). Net expenditure on property, plant and equipment for the quarter totalled SEK 0.4 M (3.5) and depreciation of tangible assets amounted to SEK -2.7 M (-2.6).

Financial position

The equity/assets ratio at 31 March was 40 per cent, compared to 41 per cent at 1 January 2009. Cash and cash equivalents during the quarter rose by SEK 1.7 M to SEK 20.9 M and the net interest-bearing liability decreased by SEK 21.7 M to SEK 80.4 M.

Employees

The number of employees at 31 March 2009 was 578 (354). The increase is mainly attributable to the build-up of the production facility in Sri Lanka and capacity expansion in Estonia, for a total of around 230 employees, and to a lesser extent to acquisitions. The workforce was reduced by around 50 employees during the quarter.

Jens Hansson resigned as President and CEO on 10 March. Fredrik Celsing was appointed as the new President and CEO. Parallel to these duties, Celsing will continue to serve as Head of the Electronics business area.

Parent Company

ElektronikGruppen BK AB, corporate identification number 556072-2547, is the parent company of the Group. The Parent Company's net sales for the quarter are reported at SEK 2.3 M (2.7). Operating profit was SEK -6.2 M (-4.4) and profit for the quarter was SEK -6.5 M (-0.3). The Parent Company's cash and cash equivalents at 31 March 2009 totalled SEK 0.0 M (0.0).

Significant risks and uncertainties

ElektronikGruppen remains strongly dependent on developments in the telecom industry and the market for commercial vehicles, which together account for a significant share of the Group's total net sales.

The dramatic downturn in the industrial market that began in the autumn of 2008 has resulted in generally lower demand throughout the Nordic electronics market, a trend that will most likely persist for some time. However, it is very difficult to assess the extent of effects arising from this drop in demand, and equally difficult to predict when the market will recover.

The decided cost-cutting and production realignment programmes may have a negative effect on the Group's future sales.

For additional information, see the related information in ElektronikGruppen's annual report for 2008.

Accounting policies and auditor examination

The consolidated financial statements are presented in accordance with International Financial Reporting Standards (IFRS) that are described in the 2008 annual report, with the exception of new and revised standards that have been approved by the EU and are effective as of 1 January 2009, which are described below. The interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. ElektronikGruppen BK AB, which is the parent company of the Group, has prepared its financial statements in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2.2 Accounting for Legal Entities. The report has not been examined by the company's independent auditors.

Changed accounting standards

Revised IAS 1 Presentation of Financial Statements

Application of the revised standard has involved the presentation of a new report on comprehensive income and that the statement of changes in equity now shows only transactions with owners and comprehensive income. The items within comprehensive income were previously presented within the statement of changes in equity.

IFRS 8 Operating segments

IFRS 8 replaces IAS 14 Segment Reporting, and introduces the management perspective in segment reporting. The operating segments are identified based on internal reports that are reviewed regularly by the entity's chief operating decision-maker. The application of IFRS 8 has not entailed any change in presentation of segments, since the operating segments monitored by the Group's chief operating decision-maker correspond to the previously defined business segments, i.e. the business areas.

Other new and changed IFRSs and IFRIC interpretations

The other new and revised IFRSs and IFRIC interpretations that have gone into effect since 1 January 2009 have not had any significant impact on the Group's financial statements.

Financial calendar

The interim report for January–June 2009 will be published on 16 July.

The interim report for January–September 2009 will be published on 29 October.

Vällingby, 7 May 2009

Fredrik Celsing

President and CEO, ElektronikGruppen BK AB

In the tables below and on the following pages, totals may differ due to rounding-off effects.

Summary consolidated income statement, SEK M	Jan-Mar		Jan-Dec
	2009	2008	2008
Net sales	197.1	223.4	935.2
Other operating income	4.0	0.2	13.2
Cost of goods sold	-137.7	-157.8	-670.1
Other external expenses	-26.0	-22.4	-92.1
Personnel costs	-49.7	-37.4	-165.5
Depreciation/amortisation and impairment	-21.6	-5.2	-27.8
Other operating expenses	-0.1	-2.6	-0.4
Operating profit	-34.0	-1.8	-7.5
Net financial items	-3.7	-0.9	-6.2
Profit before tax	-37.7	-2.7	-13.7
Income tax expense	1.2	0.5	0.0
Profit for the period	-36.5	-2.2	-13.7
<i>Attributable to:</i>			
Equity holders of the Parent Company	-36.4	-2.2	-13.6
Minority interests	-0.1	-	-0.1
Basic earnings per share, SEK	-6.53	-0.40	-2.45
Diluted earnings per share, SEK	-6.53	-0.40	-2.45

Summary consolidated statement of comprehensive income, SEK M	Jan-Mar		Jan-Dec
	2009	2008	2008
Profit for the period	-36.5	-2.2	-13.7
Translation gains/losses	0.6	-1.3	15.0
Hedges of foreign exchange risk in foreign operations, net	0.0	0.0	0.0
Other comprehensive income for the period, net after tax	0.6	-1.3	15.0
Comprehensive income for the period	-35.9	-3.5	1.3
<i>Attributable to:</i>			
Equity holders of the Parent Company	-35.8	-3.5	1.4
Minority interests	-0.1	0.0	-0.1

Summary consolidated balance sheet, SEK M	31 March		31 Dec
	2009	2008	2008
Assets			
Intangible assets	87.4	111.3	103.0
Tangible assets	45.9	45.0	48.3
Financial assets	1.1	0.7	1.1
Deferred tax assets	22.1	16.4	21.3
Total non-current assets	156.5	173.4	173.7
Inventories	78.6	72.4	81.9
Trade receivables	148.6	160.3	197.0
Other current receivables	20.4	21.3	29.2
Cash and cash equivalents	20.9	18.7	19.2
Total current assets	268.5	272.7	327.3
Total assets	425.0	446.1	501.0
Equity and liabilities			
<i>Equity attributable to:</i>			
Attributable to equity holders of the Parent Company	168.0	210.7	203.8
Minority interests	0.1	-	0.2
Total equity	168.1	210.7	204.0
Interest-bearing liabilities	93.9	91.5	114.0
Provisions	1.9	1.2	1.6
Deferred tax liabilities	19.5	19.7	20.2
Total non-current liabilities	115.3	112.4	135.8
Interest-bearing liabilities	7.4	10.6	7.4
Trade payables	60.4	60.8	91.6
Provisions and other current liabilities	73.8	51.6	62.2
Total current liabilities	141.6	123.0	161.2
Total liabilities	256.9	235.4	297.0
Total equity and liabilities	425.0	446.1	501.0

Summary consolidated statement of changes in equity, SEK M	Equity attributable to:		
	Equity holders in Parent Company	Minority interests	Total equity
January-March 2009			
Opening balance at 1 January 2009	203.8	0.2	204.0
Acquisition of minority interests			
Comprehensive income for the period	-35.9	-0.1	-36.0
Closing balance at 31 March 2009	167.9	0.1	168.0
January-March 2008			
Opening balance at 1 January 2008	214.2	-	214.2
Acquisition of minority interests		0.0	0.0
Comprehensive income for the period	-3.5	0.0	-3.5
Closing balance at 31 March 2008	210.7	0.0	210.7
January-December 2008			
Opening balance at 1 January 2008	214.2	-	214.2
Dividends	-11.8		-11.8
Shareholder contributions		0.3	0.3
Acquisition of minority interests		0.0	0.0
Comprehensive income for the year	1.4	-0.1	1.3
Closing balance at 31 December 2008	203.8	0.2	204.0
Summary consolidated cash flow statement, SEK M			
	Jan-March		Jan-Dec
	2009	2008	2008
Cash flow from operating activities before changes in working capital	-5.7	-1.8	18.9
Changes in working capital	29.3	-1.6	-19.9
Cash flow from operating activities	23.6	-3.4	-1.0
Cash flow from investing activities	-2.7	-11.0	-19.1
Cash flow from financing activities	-19.8	9.2	13.4
Cash flow for the period	1.1	-5.2	-6.7
Cash and cash equivalents at beginning of period	19.2	24.2	24.2
Cash flow for the period	1.1	-5.2	-6.7
Exchange difference in cash and cash equivalents	0.6	-0.3	1.7
Cash and cash equivalents at end of period	20.9	18.7	19.2

Net sales by segment (business area), SEK M	Jan-March		Jan-Dec
	2009	2008	2008
EG Electronics	137	161	657
-of which, external	137	161	657
-of which, internal	0	0	0
EG Products	29	29	126
-of which, external	29	29	125
-of which, internal	0	0	1
EG Production Technology	32	34	153
-of which, external	32	34	153
-of which, internal	0	0	0
Intra-group eliminations	-1	-1	-1
Total	197	223	935

Operating profit by segment (business area), SEK M	Jan-March		Jan-Dec
	2009	2008	2008
EG Electronics	5.6	5.2	36.4
EG Products	-31.8	-3.1	-27.2
EG Production Technology	-2.3	0.6	0.6
Group-wide functions/intra-group eliminations	-5.5	-4.5	-17.3
Operating profit	-34.0	-1.8	-7.5
Net financial items	-3.7	-0.9	-6.2
Profit before tax	-37.7	-2.7	-13.7

Order intake by segment (business area), SEK M	Jan-March		Jan-Dec
	2009	2008	2008
EG Electronics	140	165	611
EG Products	36	40	121
EG Production Technology	31	32	150
Intra-group eliminations	-1	-1	0
Total	206	236	882

Key ratios for the Group	Jan-March			Full year		
	2009	2008	2007	2008	2007	2006
Gross margin, %	-6.3	1.6	7.4	2.2	5.0	6.1
Operating margin, %	-17.2	-0.8	6.0	-0.8	2.7	5.3
Profit margin, %	-19.1	-1.2	5.6	-1.5	2.3	5.1
Return on equity, %	-19.6	-1.1	4.2	-6.6	7.1	15.3
Return on capital employed, %	-11.9	-0.5	5.7	-1.9	9.3	22.8
Return on total assets, %	-7.7	-0.3	3.6	-1.3	6.2	14.1
Equity/assets ratio, %	39.5	47.2	50.8	40.7	48.5	62.8
Debt/equity ratio, times	0.60	0.48	0.20	0.59	0.43	0.0
Share of risk-weighted capital, %	44.1	51.7	54.6	44.8	52.7	66.6
Interest coverage ratio, times	-40.4	-1.2	27.2	-1.3	6.7	58.4
Net expenditure on tangible assets as a % of net sales	0.0	1.6	5.5	1.6	2.4	0.0
Number of employees at end of year	578	354	333	501	355	265
Number of shares, thousands	5 597	5 597	5 597	5 597	5 597	5 597
Basic earnings per share, SEK	-6.53	-0.40	1.58	-2.45	2.66	5.45
Diluted earnings per share, SEK	-6.53	-0.40	1.58	-2.45	2.66	5.45
Equity per share, SEK	30.03	37.65	39.12	36.45	38.27	37.06
Share price at end of period, SEK	14.00	39.00	76.00	12.00	41.50	69.00

Quarterly data for the Group, SEK M	Net sales			Order intake			Profit before tax		
	2009	2008	2007	2009	2008	2007	2009	2008	2007
January-March	197	223	217	206	236	220	-37.7	-2.7	11.9
April-June		228	211		232	220		-2.3	6.0
July-September		220	188		234	185		3.8	4.3
October-December		263	222		181	228		-12.5	-2.6
Full year		935	838		882	853		-13.7	19.6

Summary Parent Company income statement. SEK M	Jan-March		Jan-Dec
	2009	2008	2008
Operating income	2.3	2.7	10.7
Operating expenses	-8.5	-7.1	-29.8
Operating profit	-6.2	-4.4	-19.1
Result from financial investments	-2.6	2.6	-0.3
Profit after financial items	-8.8	-1.8	-19.4
Appropriations			-0.1
Profit before tax	-8.8	-1.8	-19.5
Income tax expense	2.3	1.5	6.8
Profit for the period	-6.5	-0.3	-12.7

Summary Parent Company balance sheet. SEK M	31 March		31 Dec
	2009	2008	2008
Assets			
Intangible assets	12.0	10.9	11.9
Tangible assets	13.4	13.6	13.6
Financial assets			
- Shares in group companies	172.8	168.0	170.8
- Receivables from group companies	35.8	21.8	44.9
- Deferred tax assets	2.3	1.5	-
Total non-current assets	236.3	215.8	241.2
Current receivables			
- Receivables from group companies	2.4	1.4	38.6
- Other receivables	45.3	24.9	2.2
Cash and cash equivalents	0.0	0.0	0.0
Total current assets	47.7	26.3	40.8
Total assets	284.0	242.1	282.0
Equity and liabilities			
Restricted equity	59.8	59.8	59.8
Non-restricted equity	39.5	52.6	46.0
Total equity	99.3	112.4	105.8
Untaxed reserves	0.7	0.5	0.7
Liabilities to credit institutions	96.6	80.4	103.5
Liabilities to group companies	28.4	20.3	28.2
Total non-current liabilities	125.0	100.7	131.7
Liabilities to credit institutions	6.6	6.6	6.6
Liabilities to group companies	43.2	14.4	31.4
Other liabilities	9.2	7.5	5.8
Total current liabilities	59.0	28.5	43.8
Total equity and liabilities	284.0	242.1	282.0